

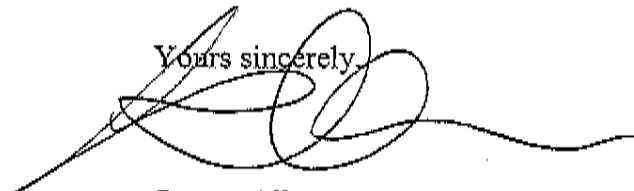
11 July 2007

Ambassador Mark D. Wallace
United States Mission to the United Nations
140 East 45th Street
New York, New York 10017-3505

Dear Ambassador Wallace:

Thank you for your letter of 16 May 2007, sharing proposals from the United States Mission on a number of management practices. UNICEF's observations are set out in the enclosed table. Please do not hesitate to contact us with any follow up questions.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Steven Allen', with a long horizontal flourish extending to the right.

Steven Allen
Director, Division of Human Resources
Deputy Executive Director, *a.i.* (Operations)

US Mission Proposal	UNICEF Observation
Availability of internal audit and other reports, e.g. evaluations, investigations, etc. to Member States	The possibility of making internal audit reports available to Member States is under consideration by the High-Level Committee on Management (HLCM) and the Chief Executives' Board (CEB). UNICEF will be guided by decisions of these bodies. Information about investigations is provided to the UNICEF Executive Board as part of the annual report of the Director, Office of Internal Audit.
Public access to all relevant documentation relation to operational and activities including budget information and procurement activities	A large number of UNICEF documents are publicly available as General Assembly documents. This includes budget and finance documents and the report of the external auditors. Documents are also available on the UNICEF website (www.unicef.org).
"Whistleblower Protection" policies	UNICEF's "Whistleblower Protection" policy was introduced on 21 May 2007. It is in line with the UN Secretariat's policy.
Financial disclosure policies	UNICEF's Financial Disclosure policy was introduced on 28 February 2007. It is in line with the UN Secretariat's policy. Disclosure statements for 2006 are due 15 July 2007.
An effective Ethics Office	Ethics is the responsibility of all staff. UNICEF has taken a number of steps to strengthen the ethical environment at UNICEF. The financial disclosure and "whistleblower" policies are two examples. UNICEF has established an investigations unit within the Office of Internal Audit, tasked with investigating allegations of fraud and corruption. Staff can seek guidance on ethical matters from the Office of the Executive Director (the legal adviser) and from the Division of Human Resources (the Administrative Law and Policy section), and can always approach the Ethics Office in the United Nations Secretariat for guidance as well. For several years UNICEF has incorporated ethics sessions into the two-week training course for newly-appointed senior leaders. Specialized ethics-in-procurement training is provided in Supply Division, Copenhagen. UNICEF is continuing to

	explore further ethics initiatives as well, and these may include the establishment of an Ethics Office either for UNICEF alone or in conjunction with other funds and programmes.
Independence of the respective internal oversight bodies	The Director of the UNICEF Office of Internal Audit reports to the Executive Director (although for administrative matters reports to the Deputy Executive Director for Operations). The Director of the UNICEF Office of Internal Audit provides an annual report directly to the UNICEF Executive Board, summarizing the year's audit activities and findings, and takes questions from the Board with respect to his report; the Executive Board has recently given further instructions on what it wishes to see in the Director's report. In addition, the Office of Internal Audit operates with full transparency to the external auditors and to the UNICEF Audit Committee.
Adoption of IPSAS accounting standards in the Funds and Programmes	This was agreed some time ago through the UN's Financial Management Network (senior finance officers from the UN organisations). It may bring about significant shifts in the balance sheet of each organisation, and thus introduction requires preparation. It is scheduled to be introduced in 2010 (i.e., one budget cycle from now), and preparations are already underway. In light of the adoption of IPSAS, UNICEF and the UN Secretariat, UNDP, UNFPA and WFP are working on a harmonized set of financial regulations. The UNICEF Executive Board has been kept fully informed on this matter, and in Decision 2007/13 noted "with appreciation of the steps taken by the [UNICEF] Executive Director to work with the UNDP, the UNFPA and other agencies to standardise their financial management in the context of the transition to IPSAS-based accounting, and requests to be informed on the progress of this work."
Establishing a cap on administrative overhead costs for the Funds and Programmes	The UNICEF Executive Board reviews and approves the UNICEF budget, including the separately-identified "support budget", which funds the cost of the organisation's operational infrastructure. A preliminary draft of the 2008-2009 biennial support budget, based on

information available, will be presented to the September 2007, with the final proposal submitted for approval in January 2008. UNICEF hopes that all Board members participate actively in the discussion of the budget.

The Executive Board also determines the charge for administering a restricted contribution to UNICEF (the organisation's "indirect programme support cost" or "recovery" charge). In June 2006 the UNICEF Executive Board adopted a standard flat-rate "recovery" charge of 7%, with a reduction to 5% in certain circumstances.